

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 MADRID 002554

SIPDIS

EB/TRA/OTP FOR MEGAN WALKLET
EB/TRA/AN FOR JOE YOUNG

E.O. 12958: N/A

TAGS: [FAIR](#) [ECON](#) [CVIS](#) [SP](#)

SUBJECT: IBERIA PULLING "MINI-HUB" OUT OF MIAMI; SALVADORAN
AIRLINE TACA TO BENEFIT

1. Summary: Today, Iberia Airlines announced plans to fly directly to Guatemala and Panama, avoiding the Miami International Airport for "purely financial" reasons, beginning in October. Nevertheless, an Iberia contact told us that increased layover time due to new security procedures in Miami played heavily in client requests that Iberia have a more direct means of traveling between Spain and Europe and Central America. The same Iberia executive acknowledged that Florida officials have attempted to enable Iberia to maintain its "mini-hub" in Miami. Although codeshare possibilities for traffic between Miami and Central America have been offered to a US carrier, Salvadoran carrier TACA might get this business (possibly due to antitrust concerns), as well as feeder flights from various Central American airports to Iberia,s Central American stopovers. End Summary.

2. We met with Iberia Airlines International Relations Director Elvira Herrero Mateo on July 6 to discuss Iberia,s plans to fly directly to several Central America capitals, avoiding Miami International Airport. Herrero said that it was "difficult financially to maintain the four aircraft" at its "mini-hub" in Miami which currently serves Central American capitals and offers at least ten flights on most days into Miami. She also cited increased security procedures at the Miami airport as a reason why European and Central American transit customers requested an alternative to the Miami connection.

3. Along with the elimination of these connections from Miami to various cities in Central America, Iberia will cut one of its two daily round-trip flights between Madrid and Miami. Herrero denied that AirMadrid,s new direct flights to several Central American cities had any impact on Iberia,s decision to serve Central America with direct flights. (Comment: Currently AirMadrid does not even accept passengers originating in Central America: the trip must originate in Spain. Surprisingly, Herrero did not seem to know about this peculiar requirement of AirMadrid. End Comment.)

PLANNED CIRCULAR ROUTE: MADRID TO GUATEMALA CITY TO PANAMA CITY TO MADRID.

4. Herrero described the new "direct" routing as a circular one, in which an aircraft will travel from Madrid to Guatemala to Panama to Madrid. When asked why Guatemala City and Panama City were selected, Herrero explained that these destinations provide the most passengers to Iberia. Herrero added that another airport is being considered as an additional stop on Iberia's route.

SALVADORAN AIRLINE TACA WILL CONNECT OTHER MAJOR CENTRAL AMERICAN AIRPORTS TO THE IBERIA FLIGHT

5. It is likely that the Salvadoran airline TACA will provide service from other Central American airports to Guatemala City and Panama City for passengers to join the circular route. Herrero noted that TACA has an extensive Central American network, and is well positioned to connect Central American clients to the new Iberia flight.

SOME TRAFFIC STILL TO GO THROUGH MIAMI ON CODESHARE

6. Iberia still anticipates some Spanish traffic will route through Miami. Passengers could fly from Spain to Miami on Iberia, and then board a codeshare flight to their final destinations (or vice versa). Herrero said that Iberia approached American Airlines about codesharing American flights from Miami to various Central American cities, but speculated that antitrust concerns may be preventing American Airlines from viewing their proposal positively. She cited a Department of Justice Notice of Action dated 30 April 1998 in which the DOJ stated that it will "defer on" its decisions regarding "codeshare services between Miami and points in Central America" as supporting this speculation.

WILL SPAIN BECOME A TARGET FOR ILLEGAL IMMIGRATION FROM CENTRAL AMERICA?

7. Spain currently does not require tourist visas from most Central American countries. Since Central American travelers to Europe typically needed to pass through Miami, US visa

regulations have generally served as an effective barrier for the would-be Central American illegal immigrant to Spain. Iberia's new circular route will eliminate this disincentive, possibly making Spain a more accessible destination. The GOS has imposed visa requirements for some South American countries whose nationals have abused Spain's visa-free travel provisions. We anticipate that the GOS will closely monitor immigration patterns as this new route brings travelers to Spain from Central America.

18. Comment: While one less flight to and from Spain each day might seem insignificant, the elimination of Iberia's mini-hub in Miami will result in less European and Central American traveler stopovers in Florida for tourism, shopping and business. Additionally, for those who still prefer to go through Miami on their way to Spain and Europe, it is regrettable that a US carrier may be losing the opportunity to pick up Iberia's traffic through a codeshare. End Comment.
MANZANARES